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Held at Headquarters, New York, on Friday, 6 October 2000, at 3 p.m.

Chairman: Ms. Dinić (Vice-Chairman) ..... (Croatia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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00-67830 (E)

The meeting was called to order at 3.05 p.m.

Agenda item 169: Scale of assessments for the apportionment of the expenses of United Nations peacekeeping operations (*continued*) (A/55/11)

1. **Mr. Prica** (Bosnia and Herzegovina) said that all Member States must commit themselves to provide the necessary financial and human resources for United Nations peacekeeping operations. His country had benefited greatly from such operations and knew that they played a crucial role in ending wars and making a rapid improvement in the quality of life of peoples. The deployment of peacekeepers saved lives while at the same time helping to rebuild security, social and State infrastructure, thus reducing human suffering.

2. The role of peacekeepers was much more complex than it had been several decades earlier, and therefore, experts in many fields were needed. Furthermore, the growing number of conflicts led to the need for deployment of greater numbers of personnel. Successful operations required good planning and firm financial support, and thus the financial contributions of Member States should be redefined.

3. The scale of assessments established in 1973 had become out dated because it had not been adjusted to the changes in the world economy and in peacekeeping operations. The current division of Member States into four groups was too rigid; at least three more groups of States should be added between group C and group B. Of course, the poorest countries should not be required to contribute, or should make only a symbolic contribution. In addition, the scale should be adjusted every five years on the basis of economic data for each Member State. That would reflect the capacity to pay of each country in a more just way and would avoid situations such as that of Bosnia and Herzegovina, whose assessment was based on the gross domestic product of the pre-war Federal Republic of Yugoslavia.

4. His delegation found the statement by the Heads of State of the five Permanent Members of the Security Council of 7 September 2000 very encouraging, along with the joint declaration by the United States of America and the Russian Federation of 11 September 2000 and the United States of America — Gulf Cooperation Council statement of the same date. All those efforts represented a full commitment to establish a new, more just and reliable structure for current and future peacekeeping operations.

5. **Mr. Kuindwa** (Kenya) said that his country had always supported the role of the United Nations in the maintenance of international peace and security and continued to be a major contributor to its peacekeeping operations and an active participant in such operations in many regions of the world.

6. Peacekeeping operations were encountering major difficulties because some Member States failed to make their contributions on time. At the end of March 2000, arrears had amounted to almost $2 billion; that had caused substantial constraints to peacekeeping operations and untold hardship to troop-contributing countries, especially developing countries. It was therefore essential that all Member States should pay their assessments in full, on time and without conditions, otherwise the work of the Organization could be put at risk.

7. The scale of assessments had not been updated since its inception in 1973; it should be reviewed. It should continue to be based on the capacity to pay and the special responsibility of the Permanent Members of the Security Council. His delegation looked forward to working in the Committee with a view to arriving at an early agreement on a new scale acceptable to all Member States.

8. **Mr. Toscano** (Ecuador) said that the views of his delegation were reflected in the statements made by the representative of Nigeria, on behalf of the Group of 77 and China, and by the representative of Colombia, on behalf of the Rio Group. The critical financial situation of peacekeeping operations and of the United Nations system in general, was due not to the application of a particular scale of assessments or the need to lower the ceiling of that scale, but to the failure of certain Member States to pay in full, on time and without conditions. They appeared reluctant to fulfil their financial obligations to the Organization and to be unaware of the importance of peacekeeping operations and the difficult economic conditions currently facing the developing countries.

9. Therefore, any consideration of a new scale of assessments for peacekeeping operations should be based on the special responsibility of the Permanent Members of the Security Council, the ample capacity to pay of the developed countries and the limited capacity to pay of the developing countries.

10. As for the proposal to require an additional contribution from the non-permanent members of the Security Council, his delegation believed that such a measure would be highly inappropriate and would exacerbate the inequalities among Member States. Even if it were only symbolic, it would be totally inconsistent with the democratic principles that are supposed to prevail in the United Nations and would establish discriminatory conditions for membership in the Security Council. That would also affect the transparency and effectiveness of the special budget for peacekeeping operations.

11. Finally, any decision on that item should be taken after the adoption of a scale of assessments for the regular budget, given the impact of the latter on the peacekeeping budget. His delegation reserved the right to submit additional proposals at the appropriate time.

12. **Mr. Yacob** (Malaysia) said that his delegation associated itself with the statement made by the representative of Nigeria on behalf of the Group of 77 and China. It looked forward to participating actively and constructively in the debate on that item, which should be fair and transparent and allow all aspects of the peacekeeping scale to be examined. The Committee should be provided with adequate information and technical advice of experts both from the relevant United Nations bodies and from intergovernmental expert bodies.

13. His delegation shared the view of the CANZ group that the work of the Committee should not be delayed due to the linkage of the regular and peacekeeping scales of assessment. Nevertheless, in reality they were intertwined and therefore, in fairness, Member States should be given sufficient opportunity to study the impact of the new scale of assessment for the regular budget before committing themselves on the peacekeeping budget. His delegation joined the CANZ group in calling on those delegations with concrete proposals on the subject to introduce them formally so that there would be ample time to study them, thus facilitating the work of the Committee.

14. The new scale of assessments for peacekeeping operations should be fair, equitable and stable, and based on the capacity to pay of each country. It must also reflect the special responsibilities of the permanent members of the Security Council and take into account the economic conditions of the less developed countries. In that regard, Malaysia and several other countries in the East Asian region were just emerging from the recent economic and financial crisis which had affected the region.

15. The adoption of a new scale would help to ensure a stable fiscal mechanism for the Organization, but that small step forward should be followed by measures by Member States to settle their arrears and honour their assessed contributions in full, on time and without conditions. It was a good sign that the matter was under discussion, and it was to be hoped that all Member States, especially the major contributors, would respond with further measures reflecting the new spirit of flexibility.

16. **Mr. Oratmangun** (Indonesia) said that his delegation associated itself with the statement made by the representative of Nigeria on behalf of the Group of 77 and China. The financial crisis of the United Nations and its peacekeeping operations could be readily resolved if all Member States would adhere to their Charter obligations and pay their assessed contributions in full and in a timely manner. Financing of peacekeeping operations was a collective responsibility of all Member States, and the initiatives designed to settle the arrears incurred by some countries should be expedited.

17. He supported the view that the current principles and guidelines for the special scale which had been approved by the General Assembly were fair and rational and provided a good basis for the Committee's discussions. In that context, his delegation concurred with the view that the scale of assessments for peacekeeping operations should continue to be based on the scale of assessments for the regular budget and the principle of capacity to pay.

18. His delegation welcomed the statement made by the permanent members of the Security Council on 7 September 2000, whereby they reiterated their commitment to bear the special responsibility for financing peace and security operations. However, it believed that there was a need for in-depth reflection on that issue in order to find a viable formula acceptable to all the Member States of the United Nations. In that regard, resources for peacekeeping operations should not be increased at the expense of cooperation for development. Both were core activities of the Organization and deserved adequate financial support from Member States. In conclusion, given the complexity of the technical and political issues related

to the item, discussions should be conducted in a comprehensive manner and any decisions should be adopted by consensus.

19. **Mr. Tsering** (Bhutan) said that while the current scale of assessment for peacekeeping operations might need to be updated, the principles on which it was based remained as valid as they were when it had been agreed in 1973.

20. Peacekeeping was a collective responsibility and all States must share its costs. However, capacity to pay must remain the primary criterion for apportioning those costs. In that regard, it should be recalled that less developed countries could not be expected to contribute beyond their limited capacity. In accordance with provisions of the Charter of the United Nations, peacekeeping decisions were debated and finalized in the Security Council. In the light of their special responsibilities and the privileged position they enjoyed in the international community, the permanent members of the Council should bear a higher proportion of the cost of peacekeeping operations.

21. **Ms. Baranska** (Poland) said that Poland was strongly committed to the further strengthening of the peacekeeping, peacemaking and peace-building functions of the United Nations in terms of both operational capacity and financial solvency. For more than a quarter of a century, thousands of Polish soldiers, specialists and support staff had served in those operations with pride and dedication; some had even sacrificed their lives.

22. The issue at stake was not the principles to be applied but the practical and sustainable ways to implement them in order to provide a fair and solid financial basis for peacekeeping operations. The current scale of assessments had been established by General Assembly resolution 3101 (XXVIII) on the financing of the United Nations Emergency Force. The arrangement outlined in that resolution was to have applied for six months. In fact, it had become a pattern for the financing of all subsequent peacekeeping operations, but no procedure had been established to address natural changes in the economic situation of Member States. The lack of specific criteria for the assignment of countries to the four groups of the scale had been a source of anomalies and a bone of contention which, with the passage of time, had become more acute, hence the need, now, to correct the composition of the groups.

23. The case of Poland was one example. Since 1973, the country had been expected to pay an excessive contribution based on an erroneous assessment of its ability to pay. In 1989 the General Assembly had at last decided to move Poland, together with a number of other countries, from Group B to Group C. Over the years, it had been necessary on many other occasions to correct anomalies which had been detected. For example, Poland supported the proposal to move South Africa from Group B to Group C. However, all those changes had merely been piecemeal actions which had not provided a satisfactory solution to the problem nor created a rational methodology for the scale of assessments.

24. A comprehensive reform of the scale was needed in order to make it equitable, sustainable and able to enjoy broad political support from Member States. The reform should set economic thresholds for the groups, correct existing anomalies and lessen reliance on a single contributor. That task should be completed by the end of the year.

25. The scale of assessments was a finely balanced political compromise reflecting both political and technical considerations, regarding both the ceiling for the regular budget scale and, perhaps even more, the financing of peacekeeping operations. Experience showed that over-reliance on a single major contributor should be avoided and that solid political support should be secured in order to obtain prompt payment of contributions. His delegation was therefore prepared to consider the proposed lowering of the ceiling for the scales of assessments.

26. **Mr. Šerkšnys** (Lithuania) said that peacekeeping was the core function of the Organization. During the current session of the General Assembly the Committee would have to consider the Report of the Panel on United Nations Peace Operations chaired by Mr. Lakhdar Brahimi (A/55/305-S/2000/809), the "Brahimi report", which was a good starting point for discussions on strengthening the Organization's operational capabilities for the performance of peacekeeping activities. The review of the existing scale was one of the Committee's most important tasks during the current session. As in the case of the regular scale of assessments, it should be based on the principle of capacity to pay. The new scale should ensure that expenses were divided equitably among all Member States according to their economic performance, and be flexible so that assessment rates

could be changed according to changes in countries' economic situation.

27. The current scale should be taken as a point of departure in the discussion of elements of the future scale. His delegation strongly supported the establishment of a number of additional groups between the current groups B and C. Countries belonging to the new groups would benefit from a discount somewhere between the currently existing 80 per cent and zero per cent. Allocation of countries to those groups would depend on their economic performance, and economic criteria would also provide the basis for any change in the composition of the groups. The new scale should retain the surcharge for the permanent members of the Security Council, which assumed special responsibility for the maintenance of international peace and security. The level and distribution of that surcharge should be given careful and profound consideration.

28. A linkage between the scales of assessment for the regular and peacekeeping budgets was inevitable. For example, the use of the same threshold in the two scales would mean a significant increase in contributions for countries exceeding the threshold. His delegation was confident that the Committee would manage to reach an agreement on the new scale by the end of the year, and Lithuania would assume its financial responsibility.

29. **Mr. Paolillo** (Uruguay) said that his delegation had already made known its overall position through statements by the Group of 77 and China and the Rio Group. There was no reason to change the existing scale of assessments for the financing of peacekeeping operations; deficiencies and limitations in that area were not due to the structure of the current scale. However, his delegation would agree to give consideration to possibilities for modifying the special scale to make the system more equitable, as some countries wished. It would not accept any change which involved shifting the financial burden from the wealthier countries towards the developing countries. Such a reform would be profoundly unfair, and it would be difficult to justify it to the authorities and public opinion in the countries concerned.

30. It was, in fact, the methodology used in calculating capacity to pay, rather than the scale of assessments, which should be reformed. The economic indicators used thus far in classifying countries did not reflect their real capacity to pay. Per capita income could not be the sole basis for the calculations; it was necessary, also, to take into account other factors affecting countries' economies and their development potential, using data covering longer periods. It was not possible to correctly determine the real conditions or trends on the basis of short economic periods. For example, Uruguay was currently going through a profound crisis, but that was not reflected in the indicators for the immediately preceding period nor in per capita income figures.

31. More modern criteria should be applied in fixing the threshold separating high-income and low-income countries. Based on updated technical data, the World Bank was using a threshold of $9,361; the United Nations should do the same. The idea of creating intermediate categories was interesting because it could mitigate the potential effects of a change of category on the economies of certain developing countries.

32. If it was decided to apply an overall adjustment to the scale of assessments for the financing of peacekeeping operations, that decision must be taken by consensus because the issue affected the priority interests of the great majority of Member States. The step-by-step principle should be applied in order to attenuate the negative repercussions of any increase in contributions which might be excessive. That was the case of Uruguay; the proposed formulas would result in an increase of between 50% and 75% in its current contribution. Should the market exchange rate cause distortions or fluctuations in the Member State's income, an adjusted exchange rate should be used. Lastly, any developing country whose contribution was increased should be given a grace period.

33. **Mr. Valdivieso** (Colombia), speaking on behalf of the member countries of the Río Group, said that the current financial situation of the Organization and of peacekeeping operations was not attributable to the special scale of assessments or to the developing countries. Indeed, no revision of the special scale would be effective if Member States, particularly the main contributor, did not pay their contributions in full, on time and without conditions. Moreover, the revision of the scale would not substantially change the situation, since the economies of all the developing countries and countries in transition represented barely 18 per cent of the global gross domestic product.

34. The financial crisis facing the United Nations would not be resolved if the developed countries and the developing countries were placed on an equal footing. The best contribution which the developing countries could make to peacekeeping was to concentrate their own resources on achieving a higher level of well-being. The change in the special scale of assessments should not involve a relative reduction in the assessments of the permanent members of the Security Council, since they had special financial responsibility for the maintenance of international peace and security.

35. Any debate on changing the system of assessment for the financing of peacekeeping operations should be guided by the principles laid down in General Assembly resolution 1874 (S-IV) and reiterated in resolution 3101 (XXVIII): the special responsibility of the permanent members of the Security Council and the relatively limited capacity of the developing countries to contribute to the financing of peacekeeping operations. The Río Group firmly believed that any new agreement on the methodology for determining the special scale should be reached by consensus once negotiations had been completed on the scale of assessments for the regular budget; it requested the Secretariat to provide all information requested by delegations in good time so that they would have the necessary elements in the negotiations on the issue and would be able to adopt decisions on the basis of the best available information.

36. **Mr. Al-Badr** (Qatar) said that the scales of assessment for the regular budget and for peacekeeping operations were two issues on which the Committee's deliberations would be focused at the current session. The serious economic problems faced by the United Nations resulted not only from the shortcomings in the scale of assessments, but also from the great delays in the payment of contributions by some States, particularly the main contributor. In that connection, his delegation called upon all States in arrears to fulfil all their financial obligations without conditions or restrictions. It also noted that the search for political solutions to conflicts was far preferable to the approval and dispatch of peacekeeping forces, with accompanying high costs to be met by the Member States of the Organization.

37. **Mr. Valdés** (Chile) said that his delegation supported the statement made by the representative of Nigeria on behalf of the Group of 77 and China and the statement made by Colombia on behalf of the Río Group. Any new agreement on the special scale should be based on certain principles set forth in General Assembly resolution 3101 (XXVIII), which were still fully valid: the primary responsibility of the permanent members of the Security Council and the countries with the most developed economies for the financing of peacekeeping operations and the relatively limited capacity of the less developed countries to take part in that financing, which did not in any way imply a lack of commitment and participation. It should be noted that the Brahimi report indicated that the developing countries were providing 77 per cent of the troops deployed in peacekeeping operations.

38. The introduction of mechanisms for gradual adjustment and grace periods should also be envisaged so as to avoid sudden changes in the contribution of the developing countries. However, it would not be possible to hold a serious debate on the issue until the negotiations were concluded on the scale of assessments for the regular budget and each State was certain of its level of contribution. He expressed the hope that the review process would be informed, transparent, consensual, and free from time-pressure.

39. **Mr. Mungra** (Suriname), speaking on behalf of the member countries of the Caribbean Community (CARICOM), said that those delegations associated themselves with the statements made by the representatives of the Movement of Non-Aligned Countries and of the Group of 77 and China, and recalled that at the thirteenth Ministerial Conference of the Movement of Non-Aligned Countries, the Ministers had reiterated that member countries of the Movement and other developing countries should be classified at a level that was no higher than level C. Although most of the CARICOM States faced some of the same multiethnic challenges, debt burdens and globalization pressures and, in general, had far fewer natural and human resources, they had been able to avoid becoming crisis States of conflict. That had been achieved at much sacrifice and with continuing development challenges. It was therefore not surprising that those countries were concerned that, whether intended or not, they were being penalized for their development gains by being called upon to give de facto subsidies to countries with a much greater capacity to pay. Although the scale of assessments for peacekeeping operations was technical in nature, it should also be weighted by checks and balances so that

no country would feel constrained in responding to peacekeeping challenges directly, as well as with additional, unilateral and voluntary support. The United Nations, revitalized by the Millennium Summit, must ensure that its technical organs and tools were responsive to all those who had a part to play in the solution of global problems.

40. **Mr. Botnaru** (Moldova) welcomed the Brahimi report, which provided a good basis for discussions on the item. The institutional and financial arrangements for launching new United Nations peacekeeping missions were structurally and operationally inadequate. His delegation therefore welcomed the initiative to reform the scale of assessments for the apportionment of the expenses of the United Nations peacekeeping operations, which had been elaborated over a quarter century earlier, in order to make the system more transparent, equitable and less arbitrary. He supported the proposals to institute a ceiling of 25 per cent for the peacekeeping scale and lower the regular budget ceiling to 22 per cent. The permanent members of the Security Council should continue to assume a special responsibility and the benefits of such responsibility should flow to economically less developed countries, in particular the least developed countries. He thanked the countries who had expressed a willingness to move from group C to group B.

41. Due to circumstances beyond his Government's control, namely, the severe economic problems that his country had faced in recent years, including those stemming from the Government's lack of control over the separatist region in the eastern part of the country and the country's near total dependence on imported energy, Moldova still had difficulties paying its assessed contributions for the previous year on time. Those arrears were also due in part to the fact that Moldova was one of the States Members most affected by the unfair distribution of the assessed contributions of the former Union of Soviet Socialist Republics to the Organization's regular budget. Despite those problems, Moldova had recently made a payment against its assessed contributions to the regular budget for the current year and had paid in full its assessed contributions to the budgets of 14 United Nations peacekeeping operations. At the same time, his Government was doing its utmost to pay its remaining assessed contributions to United Nations peacekeeping operations during the current session.

42. **Mr. Mabilangan** (Philippines), endorsing the statement made by the representative of Nigeria on behalf of the Group of 77 and China, said that the recommendations of the Brahimi report should be considered in depth by the Committee. It was his delegation's belief that the review of the scale of assessments for the peacekeeping budget should continue to reflect the time-honoured principles that had governed the current peacekeeping scale, in particular, the principle of capacity to pay and the special responsibility of the permanent members of the Security Council.

43. His country was willing to increase its financial contribution to peacekeeping operations but was in favour of a graduated approach to increases in assessment rates over a reasonable period of time.

44. The reform exercise would be meaningless if Member States did not faithfully honour their financial obligations to the Organization. His country participated in various peacekeeping missions and the non-payment by some Member States of their dues to peacekeeping budgets was of serious concern to his delegation, since that resulted in late reimbursements of countries contributing troops and equipment to peacekeeping operations and caused an undue burden, particularly on developing countries. All Member States must clear their arrears without further delay and pay their assessed contributions in full, on time and without conditions.

45. **Mr. Adhikari** (Nepal) said that he supported the statement made by the representative of Nigeria on behalf of the Group of 77 and China. The analysis and ambitious recommendations of the Panel on United Nations Peace Operations reflected the need to equip the Organization with a capability that would enable it to address the growing complexity and scope of peacekeeping operations. The Panel's report needed to be examined in a thorough and transparent manner. His delegation looked forward to the implementation plan that the Secretariat was preparing.

46. Although the scale of assessments had been fixed in 1973 and needed to better reflect present economic and peacekeeping realities, his delegation continued to believe that the central precepts that had been considered to ascertain the scale were still valid, primarily the special responsibility of the permanent members of the Security Council. The principle of capacity to pay, with necessary adjustments to ensure

that developing countries did not bear a disproportionate burden of the peacekeeping expenses, should be another major criterion for any new scale that might emerge, taking into consideration the special difficulties of weak and vulnerable countries, in particular the landlocked and least developed ones.

47. **Mr. Dausá Céspedes** (Cuba) said that he endorsed the statements made by the representative of Nigeria on behalf of the Group of 77 and China, and the representative of South Africa on behalf of the Movement of Non-Aligned Countries. While it was obvious that in considering the item, account should be taken of the sensitivity, interests and concerns of each and every Member State, the discussions should also be carried out in a transparent, objective and realistic manner, without linking them to any other extraneous issue.

48. Attributing the dire financial situation of peacekeeping operations to alleged irregularities in the fixing of the scale of assessments was misleading and unrealistic. The main thing was that the principal contributor should honour its financial obligations. It was constantly making the payment of such obligations subject to the achievement of external and internal policy objectives, including the reduction to 25 per cent of its contribution on the scale of assessments for peacekeeping operations. In 1996, that country had unilaterally decided to pay only 25 per cent of its assessed contributions. As a result of that decision, it owed more than $615 million, which was equivalent to over 30 per cent of the total amount that it should have paid to date. He wondered how much the United Nations owed troop-contributing countries for the same period. Those outstanding amounts were the main cause of the operational problems of peacekeeping missions and their immediate impact was the systematic inability of the Secretariat to meet its financial obligations towards countries contributing troops and equipment, many of which were developing countries.

49. He agreed with those delegations which had drawn attention to the need to give peacekeeping operations the human and financial resources necessary for the fulfilment of their mandates. That would be possible only if Member States, particularly the largest contributor, paid their assessed contributions in full, unconditionally and on time. The scale of assessments for the apportionment of peacekeeping expenses must be established on the basis of the principles and criteria set out in General Assembly resolutions 1874 (S-IV) and 3101 (XXVIII), namely, the collective responsibility of all Member States, the special responsibility of the permanent members of the Security Council and the limited economic capacity of the developing countries, particularly the least developed countries. The principle of capacity to pay should be the main criterion.

50. Owing to its nature and the complexity of the issues dealt with, the Brahimi report should be closely studied by the competent legislative bodies, namely, the Special Committee on Peacekeeping Operations, the Fourth Committee and the General Assembly; when that analysis was completed, its financial consequences could then be assessed.

51. He reiterated that sufficient time should be allocated to agenda item 169 without prejudice to the time needed for other items on the Committee's agenda and on which decisions must be adopted before the end of the current session. Negotiations on item 169 should therefore not begin until progress had been made in those relating to the scale of assessments for the regular budget.

52. **Mr. Jayanama** (Thailand) said that his delegation associated itself with the statement made by the representative of Nigeria on behalf of the Group of 77 and China. He reminded the Committee of the criteria used in determining assessments for peacekeeping operations: first, the principle of capacity to pay, which should be based on current economic and technical data; and second, the special responsibility borne by the permanent members of the Security Council; in that regard, it was gratifying that those States, at their summit held on 7 September 2000, had pledged to move expeditiously in order to endow the United Nations with the necessary operational and financial resources to carry out its peacekeeping tasks. Lastly, the principle that financing of peacekeeping activities was the collective responsibility of all Member States. Those three criteria, adopted by the General Assembly in its resolution 1874 (S-IV), had served as the basis for establishing, in 1973, the current scale of assessments for peacekeeping operations. After 26 years, although the criteria remained valid, his delegation believed that there should be a broad and careful review in order to update them. In light of the increased number and size of United Nations peacekeeping missions, his delegation was anxiously awaiting the implementation plan of the Brahimi

report, which would clarify the financial costs and would have considerable bearing on the Committee's discussion on the subject.

53. Although he supported the main thrust of the Brahimi report and believed that arrangements for financing peacekeeping operations should be institutionalized, he emphasized that the United Nations, with its limited human resources, could not involve itself in all conflicts and should not allow peacekeeping operations to become permanent. Careful periodic reviews should therefore be made to determine whether such operations should continue or should become regional responsibilities or bilateral arrangements between concerned parties; an exit strategy also needed to be planned.

54. While emphasizing the importance of paying assessed contributions in full and on time, Thailand, a sizeable troop-contributing country, was prepared to collaborate in reaching a consensus formula on the reform of the scale of assessments for peacekeeping operations, such as the one proposed by Mexico.

55. **The Chairman** said that the Committee had concluded its general debate on agenda item 169 and would continue to discuss it in informal consultations.

The meeting was suspended at 4.55 p.m. and resumed at 5.25 p.m.

Agenda item 122: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*)

56. **Mr. Ramos** (Portugal), Rapporteur and coordinator of the informal consultations on agenda item 122 said that although a consensus had been reached during the consultations on the adoption of a draft resolution on requests for exemption under Article 19 of the Charter of the United Nations, some delegations had later stated that they could not join the consensus, and the text was therefore not ready for official adoption by the Committee.

The meeting rose at 6.05 p.m.

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Summary record of the 13th meeting
Held at Headquarters, New York, on Monday, 16 October 2000, at 10 a.m.

Chairman: Mr. Rosenthal ..... (Guatemala)
Chairman of the Advisory Committee on Administrative And Budgetary Questions: Mr. Mselle

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Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations

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The meeting was called to order at 10.05 a.m.

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations

Procurement reform (A/54/866; A/55/127 and A/55/458)

Outsourcing practices (A/55/301 and A/55/479)

1. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee (A/55/458) on the reports of the Secretary-General on procurement reform (A/55/127) and on measures taken to improve procurement activities in the field (A/54/866), said that Advisory Committee commended the Secretary-General for the measures taken to reform and improve the procurement function at Headquarters and encouraged him to include information on such initiatives in subsequent reports. It also recommended that experience with the Internet site should be shared with the funds and programmes of the United Nations system and that, in view of the considerable decentralization in peacekeeping procurement, the Secretary-General must ensure that there was the necessary capacity at the receiving end and a mechanism for effective monitoring at the central level. On the question of preferential treatment of vendors from the least developed countries and countries with economies in transition (A/55/127, section VIII), the General Assembly might wish to consider issuing further policy guidelines if the matter was to be pursued. With regard to the procurement-related financial regulations, the Secretariat would have to supply additional information orally to the Fifth Committee. On the subject of measures taken to improve procurement activities in the field, the Advisory Committee considered that the Secretary-General should have been able to present a concrete plan in a unified, comprehensive and detailed text.

2. Turning to the ACABQ report on outsourcing practices (A/55/479), he said that the Advisory Committee wished to know whether the scope of application of the criteria set out in the report of the Secretary-General on the subject (A/55/301) was limited to Headquarters or whether the criteria also applied to offices away from Headquarters.

3. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) said that the Procurement Division was grateful for the encouragement of the reform which it was undertaking given by ACABQ and by several members of the Committee; it would continue to try to make its operations more transparent and streamlined, to be more customer-oriented, to improve geographical equity in purchases, and to be more accountable for its activities. The Internet and Intranet had been very useful in the pursuit of those goals, but the Division had not forsaken more traditional means of communication for parties lacking access to the worldwide web: last year it had disseminated information on procurement procedures in video and CD-ROM formats thanks to the generous assistance of the United Kingdom and France, and more recently it had published in the six official languages simple-to-read brochures, the text of which was also posted on the Division's web site. In addition, the Division had taken an active part in business seminars, in particular in developing countries and countries in transition, where 22 of the 26 such events were taking place in 2000; seven of the countries concerned were in Africa. Members of the Division had already spoken at events attended by a total of 1,400 vendors in all locations. The Division sent representatives to meetings in industrialized countries only if their travel and accommodation costs were reimbursed by the host country.

4. In early September the Division had established on its Intranet site a requisition-tracking system which enabled every issuing office constantly to monitor the progress of its request, so that the procurement officer handling the request was directly and publicly accountable to his client. Clearly, the Division was much changed — witness the fact that the Advisory Committee recommended other entities in the system to emulate the practices introduced by the Division (A/55/458, para. 5).

5. Following the submission of his earlier report on outsourcing practices (A/53/818) the Secretary-General had been requested to spell out the criteria regulating outsourcing; he identified four in his present report (A/55/301). However, it should be borne in mind that such criteria could not be applied inflexibly and that programme managers must be left some room for manoeuvre, for circumstances beyond their control sometimes dictated a given solution, when for example,

as often happened, outsourcing was the most effective means of coping with a temporary peak in activity.

6. The reply to the question raised by the Advisory Committee in paragraph 5 of its report (A/55/479) was that the criteria applied not only to Headquarters but also to the regional commissions, offices away from Headquarters, and tribunals.

7. **Mr. Gaubert** (France), speaking on behalf of the European Union, said that the associated countries of Central and Eastern Europe (Bulgaria, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia) and the other associated countries (Cyprus and Malta) aligned themselves with his statement. The general procurement process must be quick, efficient and economical and be supported by a mechanism for ensuring the accountability of everyone involved.

8. The European Union welcomed the encouraging progress of the reform, especially in the Procurement Division, and endorsed the ACABQ recommendations on the establishment of a stringent mechanism for monitoring procurement in the field. It stressed that the objectives of speed, efficiency and transparency must be pursued by all departments and by all field missions, although the Procurement Division did indeed have a special responsibility in that regard. It welcomed the progress made with respect to transparency, efficiency and respect for the rules of competitive bidding, as well as the more active involvement of business circles in the developing countries and the countries in transition. It noted with satisfaction the improved functioning of the Division's web site. It would like to have information about the nature and impact of the training programmes initiated in May 2000 and about the outcome of the review of the efficiency of the procurement function in the United Nations (A/55/127, section X) being conducted by consultants in conjunction with the Common Services Working Group. It would also like to know the expected publication date of the new Procurement Manual and of the revised financial rules relating to procurement. The question of the method of determining country-of-origin statistics (A/55/127, section XIII) should be examined in greater detail. It was essential for the Secretariat to submit quickly to the Committee, as requested in resolution 54/17 and as ACABQ recommended, a detailed plan of measures to correct procurement problems in the field. The European Union, while wishing the Organization to endeavour to enhance the transparency of the process, recognized that proposed prices were read out at public bid openings, when that was justified, and took it that the Secretariat would communicate fuller information on the matter during the informal consultations. A lasting solution would have to be found for the current late payment of some United Nations suppliers. Lastly, the European Union recalled that it had been advocating since 1996 that preference in the award of contracts should be given, other things being equal, to vendors from countries which were not in arrears.

9. **Mr. Nakkari** (Syrian Arab Republic) said that his delegation had noted an improvement in transparency but pointed out that in paragraph 12 of its report the Advisory Committee had requested more details of the procurement-related financial regulations and rules. The consideration of the question of outsourcing at the previous session of the General Assembly had produced a consensus on the need for additional information, especially about the measures regulating outsourcing. With regard to the criteria established by the Secretariat pursuant to resolution 54/256, and more particularly the criterion of cost-effectiveness and efficiency, his delegation did not see the need for outsourcing when the Organization was itself able to attain the goals set in the matter. The criterion of safety and security could best be applied by the permanent staff. In that connection the 1999 report of the Joint Inspection Unit stressed the reliability and commitment of the permanent staff. On the question of maintaining the international character of the Organization, recourse to vendors employing persons of various nationalities was a totally inappropriate formula. Lastly, where maintaining the integrity of procedures was concerned, the proposed criteria were similar to the ones regulating business activities, and the absence of a mechanism clearing defining the activities which could be outsourced was regrettable. The Secretariat should obtain the support of the General Assembly for all activities in that category.

10. **Mr. Albrecht** (South Africa) said that his delegation welcomed the excellent spirit of cooperation shown by the Procurement Division and noted with reference to the annex of document A/55/458 that the Division had gone to great lengths to meet the needs of the Member States.

11. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) said that procurement activities in the field were conducted by the missions in question, which reported to the Department of

Peacekeeping Operations. The Manual was updated as new elements requiring inclusion appeared; "version 2", taking account of a number of recent initiatives and the experience acquired since the publication of the first version, should be ready by the end of the year.

12. Short lead times for delivery were an extremely important factor, but the Procurement Division also had to bear in mind the imperatives of transparency — it must give vendors time to participate in the procurement process — and cost-effectiveness. Sometimes speed was a critical factor, especially in the case of missions away from Headquarters; it was then necessary to make a very early start on the procurement planning in order not to have to sacrifice transparency and cost-effectiveness. That of course implied close collaboration with the Department of Peacekeeping Operations.

13. A big effort was being made with respect to training, especially at the inter-organization level. Unfortunately, the Division's heavy workload left it little time for training, but it was well aware that more had to be done in that area.

14. Consultants had been recruited at the inter-organization level to help to study the question of performance indicators, especially for procurement. The Division knew that it still had some way to go in that respect, but the task was not easy and it was difficult to formulate indicators properly tailored to procurement activities. The system for monitoring requests for supplies established in September should perform well in that connection by indicating how the requesting parties judged the Division's performance. That initiative, which the other funds and programmes would do well to copy, should help both to define the performance indicators and to identify the best examples to be followed.

15. Prices were read out in the case of announcements of the award of contracts but not in the case of invitations to bid, when other criteria were more suitable. That practice was not peculiar to the Secretariat.

16. As to whether it would be possible to formulate more specific criteria or instructions for outsourcing, the decision to outsource was often a subjective one. It hardly seemed possible to carry the thinking that had gone into the identification of the general rules any further, but any suggestions would be welcome.

17. The Secretariat needed the General Assembly to give it more specific guidelines on the question of geographical distribution and preferential treatment — the problem being to reconcile sometimes conflicting objectives, for the Secretariat must also endeavour to act as efficiently and economically as possible.

18. **Ms. Sanchez Lorenzo** (Cuba) said that her delegation drew attention to section VIII of the report of the Secretary-General (A/55/127) on the question of preferential treatment. It noted that modalities for preferential treatment existed only in UNESCO and UNHCR and were used only informally for low-value local purchases. The Committee should examine the question in order to ensure that it was taken into account in the financial rules. Furthermore, the agreement that the revised text of the procurement-relation financial rules should be published had not yet been given effect. Her delegation wished to know where things stood with the preparation of the text.

19. **Mr. Wins** (Uruguay) said that Uruguay welcomed the holding of briefings in developing countries as a means of expanding the geographical distribution of the enterprises on the vendor roster.

The meeting rose at 11.15 a.m.